

## Message Text

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SUBJECT: KOREAN PROJECTIONS

SUMMARY: KOREA HAS MADE REMARKABLE PROGRESS OVER THE PAST DECADE, A RECORD SO WELL KNOWN THAT IT NEEDS NO DOCUMENTATION. DURING MOST OF THIS PERIOD, KOREA WAS ESSENTIALLY A CLIENT STATE, DEPENDENT ON EXTERNAL -- PRINCIPALLY U.S. -- RESOURCES FOR THE CRITICAL MARGIN OF SECURITY AND FOR FINANCING OF ITS ECONOMIC GROWTH. KOREA REMAINS IN PART A CLIENT STATE, BUT WE ANTICIPATE A CONTINUING EVOLUTION TO MIDDLE POWER STATUS DURING THE NEXT DECADE. AS A MIDDLE POWER, IT CAN BE EXPECTED TO PROJECT INCREASINGLY INDEPENDENT POLICY LINES, BUT ITS DEPENDENCE, WHILE OF A CHANGING NATURE, WILL CONTINUE, PARTICULARLY FOR THE EXTRA MARGIN OF SECURITY AND EXTERNAL SOURCES FOR ENERGY AND RAW MATERIALS AND, MOST IMPORTANTLY, MARKETS. FURTHERMORE, ITS GREATER STRENGTH MIGHT NOT NECESSARILY LESSEN THE RISK OF CONFLICT ON THE KOREAN PENINSULA. END SUMMARY.

1. KOREA AS A POTENTIAL MIDDLE POWER -- KOREA'S CONTINUED STATUS AS A CLIENT STATE AND AID RECIPIENT HAS OBSCURED ITS EMERGENCE AS A POTENTIAL MIDDLE POWER. ITS MILITARY POWER (ABSOLUTE AND RELATIVE) IS WELL-ESTABLISHED AND, ALTHOUGH ITS FORCES HAVE CONSPICUOUS SHORFALLS, WITH PROGRAMMED AND PLANNED AIRCRAFT, THE ROKG WILL EQUATE WITH NORTH KOREA TO BE THE STRONGEST

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NON-COMMUNIST MILITARY POWER IN ASIA. DESPITE

CURRENT DIFFICULTIES, ITS ECONOMY, GIVEN SOME STABILITY IN OIL PRICES AND THE NEXT MAJOR UPWARD THRUST IN THE WORLD ECONOMY, HAS EVERY REASONABLE PROSPECT OF OUTSTRIPPING ALL BUT JAPAN AND PRC IN ASIA DURING THE NEXT DECADE. KOREA IN 1975 STANDS ABOUT WHERE JAPAN WAS IN 1960 AND HAS A VERY GOOD PROSPECT OF MATCHING JAPAN'S GROWTH IN THE '60S WITH REASONABLY FAVORABLE EXTERNAL FACTORS. (LATEST EMBASSY STUDY, FOR EXAMPLE, FINDS THAT KOREAN AGRICULTURAL DEMOGRAPHIC TRENDS ARE FOLLOWING JAPANESE TRENDS BUT ARE FIFTEEN YEARS BEHIND JAPAN.) IT HAS THE TRAINED MANPOWER, DISCIPLINE, INDUSTRIAL BASE, AND COMPETITIVE POSITION FOR SIGNIFICANT GROWTH AND SELF-SUPPORT ONCE THE U.S. AND JAPANESE ECONOMIES SHAKE THE CURRENT RECESSION.

THE IMPLICATIONS OF THE NEXT GROWTH SPURT FOR THE KOREAN CLAIM TO MIDDLE POWER STATUS ARE VIRTUALLY SELF-EVIDENT. NOT ONLY WILL KOREA BECOME A PREDOMINANTLY INDUSTRIALIZED SOCIETY ABLE TO SATISFY THE MATERIAL EXPECTATIONS OF ITS POPULACE, BUT IT WILL BE ABLE TO FINANCE THE IMPORT OF OR PRODUCE INCREASINGLY OVER THE NEXT DECADE MOST OF THE HIGH TECHNOLOGY WEAPONS IT REQUIRES WITHOUT SERIOUS ECONOMIC STRAIN. FURTHERMORE, AN ECONOMY OF THIS SCALE WILL BECOME A MAJOR TRADING FACTOR IN THE WORLD AND FOR THE UNITED STATES A PRINCIPAL MARKET EXPANDING RAPIDLY ON THE CURRENT BASE OF 1.7 BILLION AMERICAN EXPORTS TO KOREA.

2. PRESIDENT PARK'S POLICY OF SELF-RELIANCE AND INDEPENDENCE -- PRESIDENT PARK ACCEPTED THE NIXON DOCTRINE OF SELF-HELP AT FACE VALUE AND TODAY DOES NOT ASSUME AN INDEFINITE U.S. COMMITMENT OR MILITARY PRESENCE. HIS POLICIES, THEREFORE, INVOLVE A QUALITY OF ENCOURAGING A CONTINUED U.S. PRESENCE, WHILE HEDGING HIS BETS AND PREPARING FOR ITS WITHDRAWAL. ALTHOUGH PREFERRING THE FORMER, POLICY EMPHASIS IS FATALISTICALLY GIVEN TO PREPARING FOR FULL MILITARY SELF-RELIANCE. WITH THE POINT. IN PURSUIT OF SELF-RELIANCE PARK HAS ADOPTED A SERIES OF POLICIES -- ACCELERATED MILITARY MODERNIZATION AND INDUSTRIAL/ ECONOMIC DEVELOPMENT

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AND PURSUIT OF A NUCLEAR/MISSILE CAPABILITY. SELF-RELIANCE IN PRESIDENT PARK'S VIEW ALSO REQUIRES THE MOST CAREFUL POSSIBLE RESOURCE ALLOCATION AND NATIONAL DISCIPLINE AND UNIT, RE-ENFORCING HIS INSTINCTIVE PREFERENCE FOR TIGHT POLITICAL CONTROLS. THESE POLICIES, HOWEVER, HAVE THE COUNTER-PRODUCTIVE EFFECT OF PROMOTING THE VERY PRESSURES FOR U.S. WITHDRAWAL HE DOES NOT SEEK. NEVERTHELESS, DESPITE THE COSTS INVOLVED,

PARK SEES THESE POLICIES AS HIS ONLY FEASIBLE HEDGE GIVEN HIS PROFOUND DOUBTS AS TO THE DURABILITY OF THE U.S. COMMITMENT PRESENCE. AS THE TRANSITION TO MIDDLE POWER STATUS CONSOLIDATES, THESE INDEPENDENT POLICY MEASURES CAN BECOME MORE PRONOUNCED IN THE ABSENCE OF COUNTERVAILING U.S. POLICIES AND ACTIONS.

3. THE NEW KOREAN DEPENDENCE -- PRESIDENT PARK'S ALTERNATIVE, HAS IN SOME RESPECTS A REALISTIC BASE OF EXPECTATION. IT IS NOT WISHFUL THINKING, ALTHOUGH HIS GOAL OF A NUCLEAR MISSILE CAPABILITY COULD EVOLVE A CONSIDERABLY LONGER TIME-SPAN THAN HE CALCULATES AND THE FINANCIAL COSTS OF MILITARY MODERNIZATION WILL BE FAR LARGER THAN HE ANTICIPATES.

ON THE OTHER HAND, TRUE SELF-RELIANCE IN THE MODERN INTERDEPENDENT WORLD IS AN ILLUSION, FACT WHICH THE KOREAN LEADERSHIP STILL DOES NOT PERCEIVE. THE GREATER THE SCALE OF KOREA'S ECONOMY, THE GREATER BECOMES ITS INTERDEPENDENCE WITH THE WORLD ECONOMY AND ITS DEPENDENCE ON EXTERNAL ENERGY AND RAW MATERIAL RESOURCES. HIS AMBITIONS FOR MILITARY TECHNOLOGY, INCLUDING NUCLEAR WEAPONS, ARE POTENTIALLY SO DESTABILIZING AS TO INCREASE HIS VULNERABILITY TO ATTACK AT THE VERY POINT WHEN U.S. SUPPORT MAY GROW MORE DUBIOUS. THEY COULD ALSO SERIOUSLY INHIBIT KOREA'S ECONOMIC GROWTH.

FURTHERMORE, WHILE PARK PROPOUNDS THE DOCTRINE OF SELF-RELIANCE AS AN ALTERNATIVE TO DEPENDENCE ON U.S. SECURITY, THE DEPTH OF THIS RELIANCE AS A PSYCHOLOGICAL PROP FOR THE KOREAN PEOPLE, AND THE NEED FOR A U.S. FORCE PRESENCE BOTH IN KEY MILITARY AREAS AND AS A SECURITY SECRET

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FOR FOREIGN INVESTMENT IN KOREA, IS FAR GREATER THAN HE ACKNOWLEDGES. THUS, A STRONGER KOREA IS LIKELY TO BE EQUALLY, IF NOT MORE, DEPENDENT ON EXTERNAL PROPS.

4. FUTURE RISKS -- IF CURRENT TRENDS CONTINUE A STRONGER KOREA WILL NOT NECESSARILY BE A SAFER ONE. THE RISKS OF WAR ON KOREAN PENINSULA COULD INCREASE WITH PARK'S POLICIES COMING INTO CONFLICT WITH U.S. OBJECTIVES, WHILE SIMULTANEOUSLY HIS CAPABILITIES AND AMBITIONS HEIGHTEN CONCERNS ON THE PART OF NOT ONLY KIM IL-SUNG BUT HIS COMPETING ALLIES, THE PRC AND SOVIET UNION, WHO MIGHT WELL BE LESS ACTIVE IN RESTRAINING KIM FROM SEEKING TO REALIZE HIS AMBITION FOR COMMUNIST DOMINATED UNIFICATION. KOREA'S PROSPECTIVE ECONOMIC GROWTH -- INCREASINGLY SURPASSING THE NORTH -- COULD ALSO INCREASE NORTH KOREAN TEMPTATION

FOR A PRE-EMPTIVE ATTACK. THE GREATEST RISK WOULD COME  
FROM THE ESTABLIZING EFFECT ON NOT ONLY NORTH KOREA, THE  
PRC AND THE SOVIET UNION, BUT ON JAPAN, OF AN ACTIVE  
PROGRAM IN SOUTH KOREA TO DEVELOP NUCLEAR WEAPONS.  
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